



# Hamilton County

## BOARD OF COMMISSIONERS

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## COUNTY ADMINISTRATOR

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To: Board of County Commissioners  
Christian Sigman, County Administrator

From: John P. Bruggen, Budget Director

Copy: Jeff Aluotto, Assistant County Administrator  
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Office of Budget and Strategic Initiatives

Date: April 28, 2014

Subject: March 2014 Budget Projections

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## SUMMARY

- First quarter budget projections indicate some major fluctuations from budgeted revenues and expenses, largely in areas where County Administration knew there were pressures in the 2014 general fund.
- Current estimates indicate possible general fund reserves of \$3.4 million less than that contemplated in the 2014 budget.
- Both revenue and expenditure estimates are projected very cautiously at this early point in the year. To the extent that estimates demonstrate the improvements that Administration believes are feasible through the remainder of the year, a balanced general fund is still a very real end-point. Improved performance over the next two months will be key to the need for additional legislative action within departments currently projecting expenses in excess of budget.

## INTRODUCTION

The following projections are based on actual activity from January through March 2014 as well as anticipated changes that will take place throughout the balance of the year. It includes an analysis of the county general fund and almost 80 other calendar-year funds. In addition to the attachments available with this report, more detailed reports for all funds will be available on the budget office website, with expenditures presented at appropriation levels and revenues by major classes.

The Office of Budget and Strategic Initiatives (BSI) will continue to closely monitor expenditures and revenues through the remainder of 2014.

## GENERAL FUND REVENUE

General fund revenue projections are \$339,000<sup>1</sup>, or 0.17%, above the 2014 budget, controlling for casino pass-through payments.

Departments with substantial variances in budgeted revenues include the following:

- **Auditor** Revenue is projected to be \$1.8 million (1.4%) above budget, controlling for casino pass-through payments. As the Auditor's office collections account for over 65% of general fund revenues, the budget office provides its projections by major revenue categories in the table below.

*Auditor Revenue Projections, March 2014*

Revenue	Budget	Projection	\$ Variance	% Variance
Sales Tax	68,391,000	69,683,728	1,292,728	1.9%
Property Tax	39,584,962	39,584,962	-	0.0%
Local Government Fund	10,792,487	10,792,487	-	0.0%
Real Estate Transfers	8,000,000	8,562,738	562,738	7.0%
All Other Revenue	5,377,920	5,354,301	(23,619)	-0.4%
<b>TOTAL</b>	<b>132,146,369</b>	<b>133,978,216</b>	<b>1,831,847</b>	<b>1.4%</b>

- **Sales Tax** Performance for the first four months of 2014 has exceeded budget by \$1.3 million for an increase of 4.3% from the same period in 2013. The budget office maintains its original estimates for the remainder of the year. As noted in monthly sales tax updates, increases in 2014 have been primarily in use tax and other lesser categories of collections, rather than in the primary sales tax categories.

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<sup>1</sup> Summary figures throughout the document may vary slightly from the sum of the detailed items due to rounding.

- **Property Tax** The first half property tax settlement had not yet posted when projections were prepared, so property taxes are assumed at budgeted levels. The Auditor's office traditionally makes very cautious estimates, and an increase from budget is likely.
  - **Local Government Fund** Local government fund revenue is projected at budget. Year-to-date it has performed \$35,000 better than budget, but April collections fell 11.9% from April 2013. The LGF is dependent on the timing of state revenues, so a swing of that size in one month is not necessarily indicative of any larger trend.
  - **Real Estate Transfer and Conveyance Fees** Real estate transfer and conveyance fees have performed \$563,000 (7%) over budget through March. The remaining months are projected at budget, averaging a very cautious 16% reduction from 2013. If year-to-date performance continues, there is substantial capacity for additional revenue in this area.
  - **Other Auditor Revenues** All other revenue areas are projected \$24,000 below budget due primarily to lower than anticipated first settlement of real property fees.
- **Clerk of Courts** Clerk of Courts revenue is projected \$1.06 million under budget. Half of the shortfall is related to decreased receipts for court fines and fees. The other half is a decreased estimate for an interest payment from the Clerk's separate bank accounts into the general fund.
  - **Recorder** Revenues are projected \$996,000 under budget due to decreased volume in real estate transactions, particularly for refinancings. Sharp decreases that began to appear in late 2013 have solidified into shortfalls of 37-42% in the first three months of 2014. (The creation of a technology fund was expected to result in a loss of 12-13%).
  - **Probate Court** Revenues are projected over budget by \$641,000 due to 2013 Indigent Care Levy reimbursements being received in 2014.
  - **Municipal Court** The court's general fund revenues are projected \$150,000 under budget as a result of delays in piloting and implementing Public Defender reimbursement for Pre-Trial Services work.
  - **Planning and Development** Revenues are projected \$107,000 above budget due primarily to increases in building permitting and inspection activity.
  - **Metropolitan Sewer District** Revenues and expenses related to MSD oversight are projected to be in-line with one another, so the \$71,000 projected revenue shortfall is offset by a similar reduction in expenses. Our reserve calculation also assumes an

additional quarterly payment from MSD in 2014 due to delayed reimbursements from 2013.

- **Juvenile Court** The court's general fund revenues are projected \$55,000 under budget due to lower caseloads resulting in lost revenue from fines and fees. The Court is working to resolve several revenue issues that could increase 2014 estimates by \$500,000 to \$750,000.

## GENERAL FUND EXPENDITURES

General fund expenditures are projected to be \$4.6 million, or 2.3%, over the 2014 budget as amended. Six general fund departments appear to require additional appropriations during 2014. Most of the departments projecting over budget are those that Administration knew were facing pressures in 2014. At this early date, expense over-runs are projected as worst case scenarios and each of these departments has been notified to bring expense levels closer to the original budget.

- **Sheriff** Expenses are \$3.4 million over budget due primarily to overages in personnel costs throughout the agency and in 911 detail fees.
- **Juvenile Court** Expenses are projected \$1.0 million over budget. The department's projection is \$820,000 over budget. In both cases, our analysts agree that the shortfall is primarily in personnel expenses. The Court has recently entered into a new child support contract with JFS, which should result in additional revenue to offset a portion of the projected expenses.
- **Coroner** Expenses are projected \$390,000 over budget. \$320,000 of this amount is due to the lack of restricted fund resources to offset general fund expenses. \$70,000 is for an additional toxicology position scheduled to begin in May 2014.
- **Prosecutor** Expenses are \$342,000 over budget due primarily to personnel costs. We have successfully begun to close the gap on Prosecutor's office expenses, as 2013 was projected over budget by \$890,000.
- **Non-Departmentals** Expenses are projected \$127,000 over budget to provide a subsidy to the Recorder's technology fund. The capital expenses contemplated in the new fund had already been procured by the time the Recorder's revenue shortfall became apparent. For 2015, technology fund expenses will be revised to reflect new revenue levels.
- **Court Reporters** Expenditures are projected over budget by \$21,000 in personnel line items.

- **Probation** Personnel expenditures are projected under budget by \$190,000 due to position vacancies. The department typically carries a high vacancy rate. To the extent that they successfully increase their complement, expenses will increase.

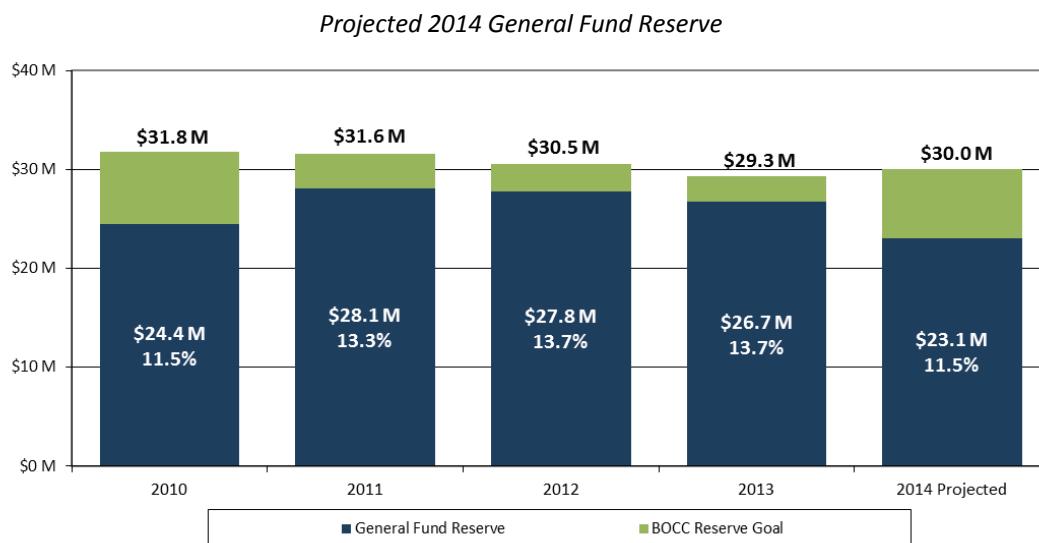
## GENERAL FUND RESERVE

The general fund is anticipated to end the year with a \$23.1 million fund reserve. This reserve amounts to 11.0% of ongoing expenditures toward the Commission goal of a 15% fund reserve. The projected reserve is a decrease of \$3.4 million from the 2014 budgeted year-end reserve, but still an increase from the 2013 budgeted reserve.

A major indicator of the county's fiscal health is the reserve maintained in the general fund. Moody's Investors Service, in its general obligation debt rating in April 2012, revised the county's financial outlook to negative due in part to "budgeted draws on currently adequate general fund budgetary reserves." Further, it cited that "the county's stadium operations pose a growing risk to general fund operations." Adequate ongoing reserves in the general fund and a long-term plan for a balanced stadium sales tax fund are paramount to the county's fiscal health.

The Board of County Commissioners have adopted a fund reserve policy that calls for the county to strive to maintain a reserve balance of 15% of ongoing expenditures, and requires the budget to include a 0.5% contribution to reserves when the balance falls below 15%. A 15% reserve would require \$30.0 million in 2014. The 0.5% contribution to fund balance for 2014 would be \$1.0 million.

The Government Finance Officers Association (GFOA) recommends that general-purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than two months of regular general fund operating expenditures. For the county to meet GFOA standards the minimum reserve is approximately \$33.4 million using the 2013 approved budget as the base.



## RESTRICTED FUNDS

Restricted fund projections focus on those funds that have or are projecting decreasing or negative fund balances. Most changes to fund balances are in line with planned build-up or spend-down of these funds. BSI has outlined below those funds with noteworthy changes in reserves during 2013. Projected expenditures, revenues and fund balances for all restricted funds are outlined in Attachment C.

- **Dog and Kennel (002-005)** – This fund is projected to decrease 40% in 2014. Ongoing expenses exceed revenues and it will continue to require a subsidy in future years. 2014 revenue is likely inflated for new state-mandated multi-year dog tags, but they will create more uncertainty about revenue levels in out years.
- **Prosecutor's Delinquent Real Estate (002-011)** This fund is projected to decrease by 77% due to delinquent real property fees being lower than anticipated. It will not be able to support current spending levels in 2015.
- **Court Automation Funds (002-015, 002-016)** – These Court automation funds, used for technology upgrades and projects, are generally budgeted a good deal higher than actual expenses. While projected at budgeted levels, it is unlikely that either fund will decrease at this rate.
- **Legal Research Services Fund (002-027)** – The Common Pleas Legal Research Services fund expenses are projected at budgeted levels; however, it is unlikely that the fund will decrease at this rate.
- **Common Pleas Special Project Fund (002-054)** – The Common Pleas Special Project fund is projecting a decrease of 72% in 2014. The judges have voiced their position to remove personnel from the special projects fund, but in 2014 it is still being used to alleviate personnel costs to the general fund. The fund cannot support the same level of expense in 2015.
- **Levy Funds (003 Funds)** – All levy funds fluctuate substantially depending upon their progress against a levy plan. (They tend to build balance at the beginning of a levy cycle and draw down balance at the end.) None of the levy fund variances depart significantly from the levy plans.
- **County Communication Center (931-005)** – The Communication Center fund assumes a substantial draw-down of reserves in 2014, in part off-setting the need for a general fund subsidy. It will require an alternate revenue solution in 2015.

## **ATTACHMENTS**

- A. General Fund Revenues by Department
- B. General Fund Expenditures by Department
- C. Restricted Fund Balances

## 2014 Revenue Projections - General Fund

*Based on activity through March*

Department	Revenue	Revenue		\$	%	
	Budget	Budget	Revisions	Projected Collections	Variance	Variance
Auditor	132,146,369	-	-	133,966,145	1,819,776	1.4%
Board of Elections	1,520,500	-	-	1,534,408	13,908	0.9%
Clerk of Courts	17,126,765	-	-	16,066,635	(1,060,130)	-6.2%
Commissioners & County Admin	1,102,942	-	-	1,101,029	(1,913)	-0.2%
Communications Center	60,000	-	-	60,000	-	0.0%
Contracts and Subsidies	280,067	-	-	280,067	-	0.0%
Coroner	907,750	-	-	907,750	-	0.0%
County Engineer	-	-	-	-	-	n/a
County Facilities	1,809,457	-	-	1,812,590	3,133	0.2%
Court of Appeals	-	-	-	-	-	n/a
Court of Common Pleas	45,000	-	-	45,000	-	0.0%
Court of Domestic Relations	358,000	-	-	358,000	-	0.0%
Court Reporters	-	-	-	48	48	n/a
Debt Service	-	-	-	-	-	n/a
Economic Dev Department	49,597	-	-	48,063	(1,534)	-3.1%
Emergency Management	-	-	-	-	-	n/a
Job and Family Services	-	-	-	-	-	n/a
Juvenile Court	2,050,358	-	-	1,995,585	(54,773)	-2.7%
Metropolitan Sewer District	2,607,217	-	-	2,536,000	(71,217)	-2.7%
Municipal Court	435,000	-	-	285,532	(149,468)	-34.4%
Non-Departmentals	1,877,810	-	-	1,882,361	4,551	0.2%
Planning and Development	2,520,000	-	-	2,626,956	106,956	4.2%
Probate Court	1,527,200	-	-	2,168,194	640,994	42.0%
Probation	355,300	-	-	355,395	95	0.0%
Prosecutor	1,989,700	-	-	1,989,805	105	0.0%
Public Defender	6,142,150	-	-	6,142,150	-	0.0%
Recorder	3,400,000	-	-	2,404,076	(995,924)	-29.3%
Sheriff	13,557,180	-	-	13,642,073	84,893	0.6%
Treasurer	8,206,000	-	-	8,206,000	-	0.0%
Veterans Service Commission	205,000	-	-	205,000	-	0.0%
	<b>200,279,363</b>	-	-	<b>200,618,859</b>	<b>339,497</b>	<b>0.17%</b>

*Green = Over Budget > \$1000, Red = Under Budget > \$1000*

4/25/2014

## 2013 Expense Projections - General Fund

*Based on activity through March*

Department	Budget	Budget Revisions	Projected Expenses	\$ Variance	% Variance
Auditor	2,181,403		2,178,685	(2,718)	-0.1%
Board of Elections	8,993,060		8,861,525	(131,535)	-1.5%
Clerk of Courts	11,298,430	109,600	11,406,063	(1,967)	0.0%
Commissioners & County Admin	3,745,526		3,744,015	(1,512)	0.0%
Communications Center	3,249,430		3,244,942	(4,489)	-0.1%
Contracts and Subsidies	816,040		816,040	-	0.0%
Coroner	3,853,711		4,244,194	390,484	10.1%
County Engineer	556,680		556,680	(0)	0.0%
County Facilities	13,023,390	122,230	13,145,019	(601)	0.0%
Court of Appeals	49,110	13,600	62,710	(0)	0.0%
Court of Common Pleas	7,412,460		7,367,262	(45,198)	-0.6%
Court of Domestic Relations	3,183,620	41,400	3,183,408	(41,612)	-1.3%
Court Reporters	2,332,440		2,353,809	21,369	0.9%
Debt Service	8,080,000		8,080,000	-	0.0%
Economic Dev Department	1,649,139		1,647,605	(1,535)	-0.1%
Emergency Management	550,000		550,000	-	0.0%
Job and Family Services	682,661		682,661	-	0.0%
Juvenile Court	12,318,070		13,362,654	1,044,584	8.5%
Metropolitan Sewer District	2,605,105		2,536,851	(68,254)	-2.6%
Municipal Court	5,164,360		5,103,918	(60,442)	-1.2%
Non-Departmentals	6,211,582	-	6,338,661	127,079	2.0%
Planning and Development	2,901,190	71,800	2,897,904	(75,086)	-2.5%
Probate Court	2,808,180		2,808,180	(0)	0.0%
Probation	6,307,120		6,117,845	(189,275)	-3.0%
Prosecutor	12,056,490		12,398,096	341,606	2.8%
Public Defender	15,152,160	50,000	15,196,413	(5,747)	0.0%
Recorder	1,158,950		1,136,150	(22,800)	-2.0%
Sheriff	59,793,331		63,169,474	3,376,143	5.6%
Treasurer	596,970		592,231	(4,739)	-0.8%
Veterans Service Commission	1,548,754		1,524,954	(23,800)	-1.5%
	<b>200,279,363</b>		<b>205,307,948</b>	<b>4,619,955</b>	<b>2.30%</b>

*Red = Over Budget > \$1000, Green = Under Budget > \$1000*

4/25/2014

## 2014 Restricted Fund Projections

*Based on activity through March*

Fund		Beginning Balance	Projected Revenue	Projected Expenses	Ending Balance	% of Expenses
002-001	Real Estate Assessment	16,007,614	9,220,446	13,336,412	11,891,648	89.2%
002-002	Solid Waste Management Fund	2,566,052	2,207,760	2,611,315	2,162,497	82.8%
002-005	Dog & Kennel	306,392	1,378,418	1,500,652	184,158	12.3%
002-006	Emergency Management Agency	205,019	571,308	546,873	229,454	42.0%
002-007	Victims of Domestic Violence	76,226	140,000	145,000	71,226	49.1%
002-008	Probate Court Conduct of Business	55,963	8,000	26,000	37,963	146.0%
002-009	Bureau of Support	494,769	11,420,068	11,347,905	566,933	5.0%
002-010	Delinquent Tax Assessment Collection	897,227	3,763,500	3,912,635	748,093	19.1%
002-011	Prosecutors Delinquent Real Estate	764,747	1,427,370	2,016,508	175,610	8.7%
002-012	County Hospital Facility Fund	466,088	13,500	32,000	447,588	1398.7%
002-013	Indigent Guardianship	270,137	95,000	170,000	195,137	114.8%
002-014	Law Enforcement & Education	174,926	3,400	50,150	128,176	255.6%
002-015	Clerk of Courts Automation	2,925,140	816,396	1,200,984	2,540,552	211.5%
002-016	Probate Court Automation	505,319	136,000	380,000	261,319	68.8%
002-017	Treasurers Optional Payment	49,444	8,900	4,500	53,844	1196.5%
002-018	Auto Title Administration	3,556,578	3,368,274	3,411,169	3,513,683	103.0%
002-019	Water Rotary	122,396	1,891,500	1,684,957	328,939	19.5%
002-022	Probate Court Legal Research	59,832	25,000	40,000	44,831	112.1%
002-023	Public Assistance	10,174,118	85,477,107	79,831,734	15,819,491	19.8%
002-024	Permissive Auto Tax Municipal	2,560,127	2,175,518	2,100,000	2,635,645	125.5%
002-025	Permissive Auto Tax County	5,137,710	4,790,000	6,033,334	3,894,376	64.5%
002-026	Roads & Bridges	11,726,686	15,472,763	16,679,566	10,519,882	63.1%
002-027	Legal Research Services	258,094	256,893	400,000	114,988	28.7%
002-029	Court Delay Reduction	85,308	156,404	118,826	122,886	103.4%
002-031	Administration of Justice	185,460	18,000	47,000	156,460	332.9%
002-032	Probation Services	1,028,563	1,480,057	1,549,927	958,693	61.9%
002-039	Human Services Special Trust	27,070	20,000	20,000	27,070	135.3%
002-044	Municipal Court Special Projects	309,014	741,819	751,352	299,482	39.9%
002-045	Mental Health Local Fund	981,323	-	55,000	926,323	1684.2%
002-046	Common Pleas Mediation	164,472	173,109	182,904	154,678	84.6%

*Green = Reserve > 15%, Yellow = Reserve between 10-15%, Red = Reserve < 10%*

4/25/2014

Fund		Beginning Balance	Projected Revenue	Projected Expenses	Ending Balance	% of Expenses
002-047	Mental Health and Recovery Services	1,778,330	9,271,094	9,362,194	1,687,229	18.0%
002-050	Sheriff's Parking Violations	25,191	1,000	10,000	16,191	161.9%
002-051	Coroner's Out of County Fees	282,180	200,000	169,200	312,980	185.0%
002-054	Common Pleas Court Special Projects	1,095,276	1,435,142	2,225,441	304,977	13.7%
002-057	Storm Water Oversight	4,733,271	2,073,000	2,470,147	4,336,124	175.5%
002-058	Convention Center	10	7,100,000	7,100,000	10	0.0%
002-059	Sheriff's Concealed Handgun License	498,438	300,000	292,706	505,731	172.8%
002-060	Workforce Investment	7,081	5,787,581	5,794,661	1	0.0%
002-062	Citizen Reward Program	-	6,500	6,500	-	0.0%
002-063	Wireless 911 Government Assistance Fund	315,105	700,000	747,709	267,396	35.8%
002-065	Juvenile Court Legal Research	122,526	36,600	150,000	9,126	6.1%
002-067	Tax Certificate Administration Fund	232,943	205,000	267,368	170,574	63.8%
002-068	Domestic Relations Special Projects	159,453	171,153	169,333	161,273	95.2%
002-069	Indigent Drivers	533,339	130,000	40,980	622,359	1518.7%
002-070	Sheriff Peace Officer Training	77,238	-	70,000	7,238	10.3%
002-071	Law Library	176,547	970,380	1,084,358	62,569	5.8%
002-072	Storm Water Management	979,659	1,394,300	1,369,449	1,004,510	73.4%
002-073	Juvenile Court Special Projects	342,748	125,000	250,000	217,748	87.1%
002-074	Recorder's Technology Fund	-	414,000	395,328	18,672	4.7%
003-001	Children's Services	94,158,574	74,730,258	79,550,826	89,338,006	112.3%
003-002	Developmental Disabilities Services	25,210,420	101,544,302	104,561,580	22,193,142	21.2%
003-003	Mental Health Levy	11,776,974	34,111,316	37,950,936	7,937,354	20.9%
003-004	Indigent Health Care	8,010,856	40,388,016	43,366,366	5,032,506	11.6%
003-005	CLEAR	6,201,203	3,733,095	4,539,788	5,394,510	118.8%
003-006	Senior Services	5,802,890	19,340,456	24,302,279	841,067	3.5%
003-008	Zoological Gardens	799,093	6,598,807	6,818,362	579,538	8.5%
003-009	Cincinnati Museum Center	429,575	3,028,226	3,045,771	412,030	13.5%
003-010	Family Services and Treatment Levy	1,955,654	5,955,654	6,609,122	1,302,186	19.7%
900-002	Unvoted General Obligation Debt Service	49,374	14,204,022	14,200,320	53,076	0.4%
900-003	Special Assessment Debt Service	82,521	572,359	587,694	67,186	11.4%
921-009	Special Assessment Debt Issuance	77,286	1,000,000	1,000,000	77,286	7.7%
931-001	Sheriff's Rotary Fund	378,584	7,873,200	7,935,500	316,285	4.0%

Green = Reserve &gt; 15%, Yellow = Reserve between 10-15%, Red = Reserve &lt; 10%

4/25/2014

Fund		Beginning Balance	Projected Revenue	Projected Expenses	Ending Balance	% of Expenses
931-002	Central Warrant ID Unit	(32,216)	2,470,650	2,163,153	275,281	12.7%
931-003	Worker's Compensation Reserve	8,480,802	3,770,008	2,920,199	9,330,611	319.5%
931-004	Auditor's Computer Center	1,399,811	1,530,240	1,953,272	976,779	50.0%
931-005	County Communication Center	2,867,166	7,444,017	9,249,698	1,061,485	11.5%
931-006	Worker's Compensation Paul Brown Stadium	-	30,000	30,000	-	0.0%
931-007	Worker's Compensation Reds Stadium	273	100,000	100,000	273	0.3%
931-010	Medical Self-Insurance Fund	3,625,619	36,267,576	38,505,484	1,387,711	3.6%
946-001	Metropolitan Sewer District	37,136,348	258,073,000	210,791,278	84,418,070	40.0%
946-003	Paul Brown Stadium Operations	72,234	15,844,149	15,843,322	73,061	0.5%
946-005	Ballpark Stadium Operations	679,740	6,197,375	6,249,395	627,720	10.0%
946-006	Parking & Public Improvement Operations	3,070	570,000	570,100	2,971	0.5%
946-008	Main Street Parking Garage Operations	296,447	936,547	1,178,783	54,210	4.6%
946-010	Paul Brown Capital Repair Fund	1,753,266	1,000,000	1,161,986	1,591,280	136.9%
946-013	Parking Revenue Fund	1,565,456	13,009,468	14,503,312	71,612	0.5%
946-014	Ballpark Capital Reserve	1,643,837	2,000,000	3,429,853	213,984	6.2%
946-015	Ballpark Operating Reserve	11	1,047,583	1,047,583	11	0.0%
946-016	Repair and Improvement Account	1,787,892	447,235	500,000	1,735,127	347.0%
946-017	Riverfront Loan Debt Service	13,687	13,687	13,687	13,687	100.0%